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INTERNAL AUDITING

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

AFFILIATE PROGRAM SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Other Post Employment Benefit (consulting)	50	

BENEFIT SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
PSR benefit estimates and payments	250	

CUSTOMER ACCOUNT SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Appeals and grievances	600	
Health plan eligibility	600	

ENTERPRISE COMPLIANCE DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Compliance function (finalize prior year)	50	
Ethics helpline	200	

ENTERPRISE PRIVACY AND PROTECTION OFFICE

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Enterprise security roadmap	450	
Management of continuous services	500	
Access controls	600	
System activity monitoring	500	

ENTERPRISE RISK INTELLIGENCE DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Enterprise Risk Management (ERM)	200	

FISCAL SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Accounting Action Plan	50	
Administrative accounting	500	
Budget management	600	
Coordination of annual CalPERS financial statements	360	
Coordination of management letter from external auditor related to the financial statement audit	100	
Coordination of RFP for financial statement auditor	350	
Financial Reporting Committee	50	
Member account balance reconciliation monitoring	300	
Member account change reconciliation monitoring	300	
My CalPERS to PeopleSoft data processing monitoring	300	
Pension transaction reconciliation monitoring	300	
Review and analysis of CalPERS financial statements	300	
Risk pool balance reconciliation monitoring	300	
Risk pool change reconciliation monitoring	300	
Contract audit – annual financial statement audit/other attestation		\$565,116

HEALTH PLAN ADMINISTRATION DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Financial ratio analysis of HMOs and PPOs contracting with CalPERS	75	
Pharmacy benefit manager contract compliance	750	
Review HMO performance and contract compliance	575	
Review contract compliance of third-party administrator of Self-Funded Program	650	

HEALTH POLICY RESEARCH DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Rate development for HMOs	700	

HUMAN RESOURCES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Recruitment and exams	550	

INFORMATION TECHNOLOGY SERVICES BRANCH

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Access controls	(included in EPPO's hours)	
Computer operations management	500	
Enterprise security roadmap	(included in EPPO's hours)	
Management of continuous services	(included in EPPO's hours)	
Management of system incidents and problems	500	
Network security management	600	
Physical and environment security	500	
Protection against malicious code	500	
System activity monitoring	(included in EPPO's hours)	

INVESTMENT OFFICE

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Alternative investment management external partner review	600	
Alternative investment management external partner review (finalize prior year)	50	
AREIS real estate system	650	
Coordinate contract real estate compliance audits	900	
External manager partner review (global equity/fixed income)	600	
Investment operations – back office	600	
Monitor and resolve real estate audit findings	600	
Performance monitoring	600	
Placement agent	200	
Real estate compliance audits	600	
Coordination of RFP for Specialty Investment Audit Services Spring-Fed Pool	600	
RMARS program (hedge funds)	500	
Securities lending program (eSec)	600	
Securities lending program (finalize prior year)	50	
Contract audit – real estate compliance audits		\$1,500,000

OFFICE OF AUDIT SERVICES

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
<i>Public Agency Reviews</i>		
Review of contracting agencies (58 reviews in 2011-12)	20,835	
Public agency special projects and requests	300	
Public agency risk assessment	300	
<i>Multi-Divisional Projects</i>		
Audit follow-up and resolution	800	
Bond Task Force on Pension Disclosures	50	
Configuration and change management	100	
Enterprise-wide risk assessment and audit plan	400	
Enterprise transition management	50	
Financial Integrity and State Manager's Accountability (SAM 20060)	200	
Fraud risk assessment	200	
Implementation and transition to the new audit resolution procedures	1,175	
Internal audit capability model	120	
Management consulting projects	2,475	
Pension System Resumption Project (PSR)	100	

OFFICE OF AUDIT SERVICES (continued)

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
OFAS Internal Activities		
Audit Command Language (ACL) team assistance	100	
Auditor onboarding	300	
Diversity representative	80	
Division legislative representative	50	
External quality assurance review	400	
PC Contact	240	
Professional organizations	200	
PSR training	470	
Quality Assurance and Improvement (ISPPIA 1300)	300	
TeamMate audit software facilitation	120	
United Way California State Employees Campaign	300	

OPERATIONS SUPPORT SERVICES DIVISION

<i>Division/Office of Audit Services Objectives</i>	<i>Audit hours in 2011-12</i>	<i>Audits by contract in 2011-12</i>
Board election management (consulting)	300	
Central receiving	400	
Physical and environment security	(included in ITSB's hours)	
Triennial contract review	600	

TOTAL HOURS BY DIVISION

<i>Division</i>	<i>Audit hours in 2011-12</i>
Affiliate Program Services Division	50
Benefit Services Division	250
Customer Account Services Division	1,200
Enterprise Compliance Division	250
Enterprise Privacy and Protection Offices	2,050
Enterprise Risk Intelligence Division	200
Fiscal Services Division	4,110
Health Plan Administration Division	2,050
Health Policy Research Division	700
Human Resources Division	550
Information Technology Services Branch	2,600
Investment Office	7,150
Office of Audit Services – Public Agency Reviews	21,435
Office of Audit Services – Multi-Divisional Projects	5,670
Office of Audit Services – Internal Activities	2,560
Operations Support Services Division	1,300
Total	52,125

TOTAL HOURS BY AUDIT PROGRAM

<i>Staffing Resources by Program</i>	<i>Audit hours in 2011-12</i>
Assurance and Consulting Services	30,690
Public Agency Reviews and Other Projects	21,435
Total ⁽¹⁾	52,125

(1) Total hours are adjusted to reflect vacations, leave, training, and other hours unavailable for audit activities.